

# Comparative Analysis of Industrial Relations and Labour Markets in Central Eastern and Western Europe

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## Abstract

*The paper presents a comparative analysis of industrial relations and labour market systems in eleven European Union new member states from Central and Eastern Europe (CEE11), against the backdrop of selected 'old' EU members representing four models of Western European capitalism. The analysis, based on the application of the similarity coefficients method, showed that in 2005 the institutional architecture of the area examined in most of the CEE11 countries exhibited the highest relative resemblance to the Continental model of capitalism. The next nine years (2005–2014) saw the strongest relative convergence trend toward the Anglo-Saxon model. However, in both 2005 and 2014, industrial relations and labour markets in CEE11 countries revealed a polycentric pattern of a simultaneous similarity to more than one model of Western European capitalism. Moreover, the empirical results of the study point to the institutional ambiguity and incoherence of the industrial relations and labour market area in these countries. Based on their key findings, the authors argue that the emerging institutional architecture in this area in CEE11 countries may be seen as a new research category, distinct from the patterns prevailing in Western Europe, which they dub a 'patchwork capitalism'.*

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## Introduction

This paper presents and discusses the results of the empirical study aimed at a comparative analysis of industrial relations and labour markets in eleven new European Union member states from Central and Eastern Europe (CEE11): Bulgaria, Croatia, Czechia, Estonia, Hungary, Lithuania, Latvia, Poland, Romania, Slovakia and Slovenia. The analysis was conducted against the benchmark of selected 'old' EU countries and covered the period between 2005 and 2014.

The findings presented in this paper are part of a more comprehensive, interdisciplinary research project, led by Ryszard Rapacki, carried out in 2015–2019, in which the three authors took part. In the present paper we capitalized, among others, on the methodological framework developed for the purpose of this project by Ryszard Rapacki, Juliusz Gardawski, Adam Czerniak and Mariusz Próchniak. The complete results of the project concerned were published in Rapacki (ed., 2019) and Rapacki et al. (2019). This project was embedded in the research tradition of comparative capitalism and combined the paradigms of New Institutional Economics (NIE) and New Economic Sociology (NES) (see Gardawski, Rapacki 2019). Such multidimensional approach allowed to produce a 'novel fact' (see Lakatos 1978), i.e. to get a new and original empirical picture of the emerging post-communist capitalism in CEE11 countries while simultaneously contributing to a better understanding of its nature and most salient features.

The starting point in the research project involved was the methodology and related typology of the co-existing models of capitalism put forward by Bruno Amable (Amable 2003), further on dubbed the *Diversity of Capitalism* (DoC) approach. His methodology has been significantly amended by the research team members and adjusted to capture the specifics of the subject of the study, i.e. the peculiar institutional endowment prevalent in the CEE11 economies. It should be added that notwithstanding the primary role of the Amable's conceptual framework, in our research we also referred to the concepts developed by Peter Hall and David

Soskice (Hall and Soskice 2001), i.e. *Varieties of Capitalism* (VoC), and Andreas Nölke and Arjan Vliegenthart (Nölke and Vliegenthart 2009) that is *Dependent Market Economy* (DME). These concepts, among others, became the inspiration to build our own model of 'patchwork capitalism'.

The most important outcome of the research in question was to find out that post-communist capitalism, which emerged in most CEE11 countries, does not fit any of the major typologies used to describe Western European capitalism. Simultaneously, it is also quite distinct from the type of institutional order that came into being in other former socialist countries such as Russia, Ukraine or Belarus. Moreover, the findings of earlier studies aimed to capture the essence and to classify the emerging model(s) of capitalism in former socialist countries including Central and Eastern Europe (e.g. King, Szelenyi 2005; Myant, Drohokoupil 2011; Bohle, Greskovits 2012; Farkas 2011 and 2013) do not fully answer in our view all pertinent doubts and leave essential research gaps still to be filled. Against this backdrop and based on the empirical results of our research, we came to the conclusion that the newly born capitalism in CEE11 countries represents a new research category which is essentially distinct from the established models of Western European capitalism. With a view to best capture its nature and key institutional peculiarities we suggested to use the term 'patchwork capitalism'. Some Polish politicians used the notion 'drift', which meant the lack of inner logic underlying capitalism born in Poland, and implied a relative ease of exogenously imposing a direction of country's development. Similar content was carried by other, similar concepts (e.g. 'flux'). We believe that our idea of a 'patchwork' is better theoretically justified than the notions of 'drift' or 'flux', and even 'hybrid capitalism'. We briefly discuss this idea in the concluding part of the paper. Below we present the empirical evidence that led us to formulate the 'patchwork' hypothesis and to reconstruct the process of a peculiar 'slippage' of the institutional systems in CEE11 countries to the 'patchwork' level.

The main emphasis in the first stage of the research project, of which the results presented in this paper are part, was placed on the analysis of similarity of the institutional orders emerging in CEE11 economies to four models of Western European capitalism co-existing in the European Union – the Continental, Anglo-Saxon, Nordic and Mediterranean. These models were represented in the study by the most typical member states of the 'old' Union embodying a given model, i.e. Germany (Continental model), United Kingdom (Anglo-Saxon model), Sweden (Nordic model) and Spain or Italy (Mediterranean model) respectively. The method of similarity coefficients, developed by the authors for the purpose of the project, was used in the ensuing comparative analysis. A full description of this method and an explanation

of the design and the way of calculating the coefficients of similarity can be found in: Próchniak et al. (2016) and Maszczyk and Próchniak (2019).

The paper has been organized as follows. Section 1 presents the theoretical background of our study, with a strong emphasis on the process of evolution of industrial relations and the operation of labour markets in Europe. Section 2 provides an overview of the most representative typologies of European capitalism and industrial relations to date. In section three, the data set and the methodology employed in our empirical study are characterized, with special regard to the indicators describing industrial relations and labour markets in our sample and to the way the coefficients of similarity were computed. Section 4 presents detailed results of a comparative analysis of industrial relations and labour markets in Central and Eastern Europe (CEE11) against the patterns prevailing in four Western European reference countries. The analysis was performed at three interrelated levels: (i) the distribution of the variables involved in the CEE11 and reference countries, (ii) the composite coefficients of similarity between the CEE11 economies and reference countries, and (iii) individual CEE11 countries. The concluding section 5 summarizes the most important research findings.

## **1. Industrial Relations and Labour Market. Theoretical Background and Research Questions**

In his seminal work *The Global Evolution of Industrial Relations*, Bruce Kaufman (2004) noted that industrial relations, since the emergence of this research field in the second decade of the 20<sup>th</sup> century in the USA, may be perceived from three different perspectives or dimensions: science-building, problem-solving and ethical/ideological dimension. In the paper we mainly deal with the first dimension.

Seen from the angle of the objectives pursued in the present paper, of particular importance is the fact that the industrial relations theory was formed within the framework of institutionalism ('old institutionalism' of John Commons and 'new institutionalism' of Ronald Coase and Oliver Williamson, to name only some of the leading theorists). Kaufman listed the key institutional features of industrial relations: theoretical foundations of industrial relations is the labour economics of positive transaction cost, 'positive transaction cost implies that markets can never be self-regulating or fully efficient ... Labour markets must thus be regulated by other institutional controls and in many cases replaced altogether by more efficient

governance systems... and coordinated mechanisms...'. These factors, as well as other factors that we will not discuss now, give rise to a split in the development paths of industrial relations theory and neoclassical economics. In the theoretical plan, industrial relations are multidisciplinary, being close to the historical and evolutionary approach (with an emphasis on the path dependence category), and refer to political economy (Kaufman 2004: 105). From our point of view, it is particularly important that in the study of industrial relations, heterodox research methods often play a more important role than orthodox methods. This does not mean that orthodox labour economics is not useful in the study of industrial relations, but its limitations should be kept in mind. In this context, for example, a neoclassical criticism of trade unions may be recalled that is apt, but only if one adopts idealizing assumptions and builds a deductive model (Samuelson, Nordhaus 1998; Smith 2003). Although the mainstream economics has abandoned many idealizing assumptions, their findings may often be subject to legitimate criticism as a result of confrontation with empirical data.

The next issues we want to address in this section comprise the problem of convergence versus divergence and the concept of the European social model including the place of industrial relations in it. Numerous studies of the 'convergence-divergence' problem in industrial relations have generally led to the conclusion that these two tendencies tended to permanently coexist, yet the divergence trend has prevailed. It was also found that globalization processes have modified previously existing dividing axes. Such conclusions referred both to the typology of capitalism (Hall, Soskice 2001; Amable 2003 and many other studies on the subject), to the analysis of general economic regulations (Regini 2000), to the labour market (Tregaskis, Brewster 2006; Meardi 2014; Kozek 2013), and to trade unions (Gardawski 2001), etc. These issues are inextricably related to the research question whether there is only one model of industrial relations in Central and Eastern European countries or there are several such models, and if so, what are their nature and most salient characteristics.

In turn, the European social model – this great plan of the European Union – assumed that industrial relations would constitute the majority of the main 'pillars' of the model ('increased rights at work and improved working conditions', 'inclusive labour markets', 'strong and well-functioning social dialogue' – see, Vaughan-Whitehead 2015). This implies that such a model would be normative and moderately convergent. Another assumption underlying the concept of European social model was leveling of the pertinent differences between new and old European Union member countries. Unfortunately, empirical studies have not confirmed a clear

progress in the process of bringing the East and West closer. In a study conducted in the middle of this decade, Meardi made a comment on the relationship between the new and old members of the European Union: '[d]espite some degree of economic convergence, in terms of industrial relations the gap between East and West has even widened. In the new member states, collective bargaining, social security and interest associations, instead of catching up with western standards, have continued their fall and confirmed their distance from the so-called "European Social Model"' (Meardi 2014: 9). These trends have been corroborated by trade union and social dialogue researchers (Adamczyk 2019).

We will now turn to the question of the diversity of industrial relations, which is correlated with general typologies of capitalism but in this paper, it will be treated separately. Seen from the angle of comparative studies of industrial relations, a good theoretical reference point is the proposal of Witold Morawski, who distinguished four systems of these relations: radical-conflictual, pluralistic, corporatist and monocratic (Morawski 2001: 212; see also Czarzasty 2010: 41). The diversity of industrial relations systems was inherent to the world of labour from an early stage of industrialism and was due primarily to diverse origins of trade unions in the 19<sup>th</sup> century in three countries, leaders of industrial revolution – Great Britain, Germany and France. The prevailing types of trade unions in each country used to reflect specific conditions in which they emerged and were accepted by employers as a party in the collective bargaining. The structures that took shape at that time featured an exceptionally long duration (Clegg 1976). It was in this period that the germs of the Anglo-Saxon pluralist-voluntarist model, which continues to exist to this day, came into being, as did some features of the French or German models (Gardawski 2001). At the same time, the dialectical relationship of local and global factors in labour relations should be taken into account. The latter dimension encompasses the rhythm of the evolution of capitalism and of the types of Fordism (before and after World War II), the breakdown of Fordism in the 1980s and the subsequent phase of post-Fordism [Amin 1994; Jessop (ed.) 2001], as well as the fate of the monocentric 'iron fordism' in the countries of authoritarian socialism (term introduced by Alain Lipietz). The most spectacular part of this global rhythm of capitalism before World War II was the Great Depression of the 1930s, which – according to Karl Polanyi – may be seen as a derivative of the domination of the self-regulating market over society (Polanyi 2010).

The deeply confrontational stage of capitalism, dominated by the radical-conflictual model of industrial relations, was replaced after the Second World War by a stage that gave the European capitalism an organized (Lash, Urry 1987) and

corporatist character [to be distinguished from the pre-war fascist corporatism, and often referred to as neo-corporatist (Schmitter, Lehmbuch 1979)]. We refer here to the successful transformation of capitalism in the spirit of the Keynesian doctrine and the accompanying genuinely revolutionary institutional innovations, initiated in Bretton Woods in 1944. A new type of Fordism appeared, whose key feature, from the point of view of industrial relations, was the incorporation of the working class into the market economy system (Streeck, Hassel 2003) through neo-corporatist institutions (which was reflected in the institutionalized social dialogue: labour – capital – governments). This occurred in the environment of the relatively powerful nation-states, the oligopolistic structure of the economy, high concentration of production and the working class, strong trade unions, having a real veto power vis-à-vis governments and capital. The bargaining between unions and governments was of an exchange nature, e.g. a consent to certain burdens imposed on the world of labour in exchange for preventing unemployment [Gardawski (ed.) 2009: 52–64]. During this period, labour market segmentation into the core and periphery was established, and large enterprises developed stable internal labour markets, protecting employees against competition in external markets (Doeringer, Piore 1970; Watson 1987: 184–188).

The period of 1945–1975 was referred to as the ‘golden age’ of the world of labour, both in terms of industrial relations and the labour market (Slomp 1996: 41) and the welfare state (Pierson 2006: 129). This does not mean that the industrial conflict between labour and capital or differences between the pluralistic and neo-corporatist model disappeared, but under conditions of the then Fordism the differences were suppressed, and industrial conflict institutionalized [Gilejko (ed.) 2000]. It was on such institutional grounds that John Thomas Dunlop’s systemic analysis of industrial relations could develop in his classic work *Industrial Relations System* and in many of his articles. Thanks to a systematic approach, he precisely defined actors of industrial relations, rules and contexts involved (Dunlop 1958). Dunlop’s analytical scheme, notwithstanding some criticism raised with regard to its functionalist premises, remained a very useful tool for structuring industrial relations (Towalski 2001).

The main focus in researchers’ interest was the impact of the breakdown of Fordism on industrial and labour relations in Europe, especially in the context of the disappearance of the traditional working class, the weakening of trade unions, the dominance of capital over labour and thus the weakening of the role of collective bargaining (Bohle 2011). These global trends have been compounded by subsequent crises, with the largest crisis of 2008+, which significantly weakened corporatist

social dialogue institutions – including Slovenia, the country with the strongest social dialogue in Central and Eastern Europe (Stanojević 2011). In general, the observations show that the new trends have influenced industrial relations in individual countries and their groups in a differentiated manner – they triggered a stronger erosion of collective bargaining in countries with liberal market economy (LME) than in countries embodying a coordinated market economy (CME), and similarly in the pluralist model than the neo-corporatist one. In addition, they led to a particularly deep weakening of the position of the world of labour in the CEE countries after 1989. At the same time, researchers noted the revival of some old patterns in these countries, whose continuity was cut through half a century of totalitarianism and authoritarian socialism (e.g. the long duration of the Polish ‘manorial-serf economy’, dating back to the 16<sup>th</sup> century, or the Austro-Hungarian administrative culture models still lasting in Czechia (Hryniewicz 2001; Polert 2007).

## 2. Selected Typologies of European Industrial Relations

The key research question we faced in our study was to identify the type(s) of capitalism that has emerged in the CEE11 countries. After a short period of uncertainty, when it was believed that a specific model of East European capitalism could spring into existence, some theories, developed at a high level of generalization, assumed that the whole group of 28 former socialist countries should be classified into one single type of capitalism (proto-capitalism). However, our observations established during the 1989 ‘autumn of nations’ (and in the case of Poland, the 1989 ‘spring of the nation’) showed that, just as there unambiguously co-existed ‘varieties of authoritarian socialism’ before 1989, the development trajectories of particular transition countries and their groups tended to also exhibit profound differences since the very outset of systemic transformation which resulted in – inter alia – quite divergent patterns of labour markets and industrial relations. The differences within the Visegrad Group (Czechoslovakia, Hungary, Poland) were particularly clear, especially with regard to the place and role of trade unions, social dialogue and social negotiations, the role of the state in the economy, as well as social attitudes and some features of the economic culture.

Notwithstanding the foregoing inevitable limitations there is no other viable alternative to continuing research endeavors aimed at high-level empirical generalizations as well as at creating ‘ideal-typical’ typologies, such as Amable’s

*Diversity of capitalism*, Hall and Soskice's *Varieties of capitalism* or the welfare state regimes classification by Gøsta Esping-Andersen. It would be hard to disagree with Jelle Visser's insight that 'the real world is messier than these typologies and the application to single countries is an approximation at best' (Visser 2009: 50). The insight concerned preceded Visser's typology which will be reviewed in this section. It is worth adding in this context that typologies which to some extent can be compared to 'black boxes' are nevertheless useful in long-term comparative analyzes which are geared towards capturing changes in the intensity of certain characteristics and their configuration in particular countries rather than towards an in-depth examination of the content of each characteristic. There is more than enough evidence for complications unleashed by unraveling of 'black boxes', i.e. departing from the 'ideal-typical' analysis. As a result, concrete phenomena are deprived of their unambiguity and become a hybrid – exactly as defined by Uwe Becker (2009) with regard to any real political economy of a particular country.

Before embarking on a comparative analysis of the labour market and industrial relations in the empirical part of this paper we will first survey selected typologies of industrial relations in the European Union which – to a larger or smaller extent – inspired our own study.

**A. We will start our overview from those studies that classified industrial relations in all CEE countries into one category or cluster.**

The first study to be mentioned under this heading is the report prepared by the European Trade Unions Institute *Benchmarking Working Europe* (ETUI 2012). Its authors employed the following classification criteria: trade union density, collective bargaining coverage, predominant level of collective bargaining, practices to extend collective agreements, statutory minimum wage, role of social partners in policy making and the role of state in collective bargaining. The EU27 member states were grouped into five clusters:

- 1) the North European cluster (Denmark, Finland and Sweden),
- 2) the Central-West European cluster (Austria, Belgium, Germany, Luxembourg, the Netherlands and Slovenia),
- 3) the South European/Mediterranean cluster (France, Greece, Italy, Portugal and Spain),
- 4) the Liberal-West European cluster (Anglo-Saxon model – United Kingdom, Ireland, Malta and Cyprus),
- 5) the Central-East European cluster (all CEE countries except Slovenia).

Table 1 below highlights the peculiarity of Central and Eastern European countries (the lowest trade union density, the smallest coverage of collective agreements, collective bargaining at enterprise level, etc.).

**Table 1. Typology of European models of industrial relations by ETUI (2012)**

Dimension	Regime				
	North European	Central-West European	South European (Mediterranean model)	Liberal-West European (Anglo-Saxon model)	Central-East European
Trade union density (2000–2009)	73.1	33.9	23.5	33.2*	19.8
Collective bargaining coverage (2000–2009)	88.4	83.3	74.7	42.1*	36.3
Predominant level of collective bargaining	sector	sector	sector (FR: company)	company	company
Predominance of MEB <sup>a</sup> or SEB <sup>b</sup>	MEB	MEB	MEB SEB	UK, MT: SEB IE, CY: MEB	SEB
Practice to extend collective agreements	no (except FI)	yes**	yes**	no	limited
Statutory minimum wage	no	yes (DE partly)	yes (except IT)	yes	yes
Role of social partners in policy making	institutionalized	institutionalized	varying; politicized	ad hoc; issue-specific politicized;	social partners weak
Role of state in collective bargaining	limited	limited; strong legalism	state active; clientelistic relations	state strong but its interventions rare	state dominant; strong legalism

\* excluding Cyprus and Malta,

\*\* in Austria and Italy: functional equivalent to extension,

a – ‘Multi-employer bargaining’; b – ‘Single-employer bargaining’ (sources: Marginson and Traxler 2005; Visser 2011; ETUI 2011).

Source: ETUI (2012), table from p. 57.

The second example of typologies which treat uniformly all countries of Central and Eastern Europe is the inspiring concept developed by Jelle Visser (Visser 2009). In his study, Visser distinguished three perspectives or dimensions of possible typologies aimed to categorize co-existing institutional orders in Europe:

production regimes (connected with the Hall and Soskice's VoC classification), employment regimes (classification proposed by Duncan Gallie) and industrial relations regimes. Applying the third perspective he discriminated between five types of industrial relations regimes or systems (Visser 2009: 51). With a view to identify his 'models or clusters of industrial relations' the author used 9 variables (some of which were expressed as indices): union density, union authority, union concentration, centralization, bargaining coverage, employer density, sectoral organization, employee representation, and concertation of interests through social dialogue (source: ICTWSS database). As a result, five clusters of industrial relations were identified:

*Cluster 1.* Organized corporatism (Nordic countries: Denmark, Finland, Sweden), characterized by regulations based on strong social partner organizations (trade union centers and employers' organizations).

*Cluster 2.* Social partnership (Belgium, Germany, Luxembourg, Netherlands, Austria and Slovenia), featuring weaker trade unions, but a centralized collective bargaining and solidly institutionalized forms of employee representation at company level.

*Cluster 3.* State-centered (Greece, Spain, France, Italy and Portugal), whose most salient feature is a substantial dependence of industrial relations on state regulations.

*Cluster 4.* Liberal (Ireland, Cyprus, Malta and United Kingdom), exhibiting pluralism of industrial relations, decentralized collective bargaining and relatively weak social partnership.

*Cluster 5.* Mixed or transitional system (Bulgaria, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia), which reconciles elements of liberalism (decentralized system of collective bargaining) with a sizable dependence on state (or state orientation): '[a]bsence of sectoral collective bargaining and low bargaining coverage rates tend to orient the CEE economies towards the liberal or uncoordinated model. But the state and collective labour law play a much stronger role, and this makes them more like the state-centered models of southern Europe. However, in contrast to the latter, the interaction between unions and management, and between unions and the state, tends to be less confrontational and more determined by the weakness of the union actor. With the exception of Slovenia and perhaps Slovakia, the transition economies do share the absence of sector level and unstable structures of workplace representation' (Visser 2009: 50).

**Table 2. Industrial relations regimes or arrangements in Visser's typology (2009)**

	North	Center-West	South	West	Center-East
Production regime	Coordinated market economy		Statist market economy	Liberal market economy	Statist or liberal?
Welfare regime	Universalistic	Segmented (status-oriented, corporatist)		Residual	Segmented or residua?
Employment regime	Inclusive	Dualistic		Liberal	
Industrial relations regime	Organized corporatism	Social partnership	Polarized/ state-centered	Liberal pluralism	Fragmented/ state-centered
Principal level of bargaining	Sector		Variable/ unstable	Company	
Role of social partnership in public policy	Institutionalized		Irregular/ politicized	Rare/event driven	Irregular/ politicized
Role of state in industrial relations	Limited/ mediator	'Shadow of hierarchy'	Frequent intervention	Non-intervention	Organizer of transition
Employee representation	Union-based/high coverage	Dual system/high coverage	Variable*	Union-based/small coverage	

\*In France employee representation in firms incorporates both principles, in Spain and Portugal it is dualistic, in Italy and Greece it is merged with unions but based on statutory rights.

Source: Visser 2009: 49 (Visser used six sources covering the period of 1990–2007).

Worth highlighting in Visser's typology is his stress on the instability or shakiness of the labour market and industrial relations in the Center-East cluster which is quite striking in view of the CEE11 countries' nearly 20-year record of systemic transformation at the time of Visser's study (2009) and their 4-year record as the EU members. We are inclined to interpret the instability concerned as a symptom of the 'patchwork' nature of both the 'Industrial relations regime' and the 'Employment regime'. The theme of 'patchwork' will be discussed in more detail in the concluding part of the paper.

**B. The second group of typologies** encompasses those research endeavors that took a more evolutionary perspective and accounted for the process of transformation of a single uniform model of industrial relations in all Central and Eastern European countries into multiple types. The most representative example of such an approach, assuming a subsequent evolution of an initially monistic picture, is the study authored by Davoine, Erhel i Guergoat-Larivière (2008).

The starting point in their study was the set of 18 indicators established in Laeken for the purpose of measuring the incidence of poverty and social exclusion within the framework of Lisbon Strategy. The set was subsequently extended to also include other yardsticks, in particular those showing job quality (9 indicators were adopted and next developed into 30 more fine-tuned variables). Based on cluster and factor analysis, the authors drew up the map of job quality in the European Union and then grouped the member states in several distinctive clusters. Without going into detail, below we briefly enumerate the outcome of the first and second stage of their exercise. In the first stage 5 clusters of EU member countries were identified (it is important to keep in mind that the analysis covered the period prior to the global financial crisis of 2008+):

- 1) the Northern cluster: Sweden, Denmark, Finland and the United Kingdom,
- 2) the Southern cluster: Spain, Italy, Portugal, Greece and Malta,
- 3) the Continental cluster: Germany, France, Belgium, Luxembourg, Austria, the Netherlands, Ireland and Slovenia,
- 4) the cluster of new EU member countries I: Estonia, Hungary, Latvia, Lithuania, Cyprus, Czechia, Bulgaria and Romania,
- 5) the cluster of new EU member countries II: Poland and Slovakia (ibidem: 39).

In the revised version of the pertinent typology, developed in stage two of the study, the three main clusters remained unchanged; instead the CEE countries were subject to some reallocation, as a result Poland was found to be in the same cluster as Malta, Greece, Portugal, Italy and Romania (ibidem: 49); there was no such cluster in Visser's typology discussed above either. Further in their study, Davoine, Erhel i Guergoat-Larivière applied the comparative method and showed a very dynamic picture of changes in job quality in the EU countries that resulted in a substantial reshaping of their typology in the subsequent years.

**C. The third group of typologies**, to be dubbed a pluralistic approach, may be best exemplified by a report of the European Foundation for Living and Working Conditions (Eurofound 2016). The authors of this report, also referring to Visser's typology, conducted an in-depth, multidimensional research (using, among others, factor analysis and cluster analysis). The indicators employed were grouped into four axes covering 18 dimensions. The axes were as follows: 1) associational governance; 2) representation and participation rights; 3) social dialogue at company level; 4) trade union power and government intervention in collective bargaining. A meticulous analysis has allowed the authors to identify six clusters (Eurofound 2018: 37–40).

*Cluster 1* (Austria, Belgium, Luxembourg, the Netherlands) corresponds to the type of ‘social partnership’ developed by Visser. It is characterized by centralization of collective bargaining, a wide range of collective bargaining agreements, systematic involvement of social partners in the policy formulation process. There is also a high level of employee participation in decision making at the enterprise level.

*Cluster 2* (Germany, Denmark, Finland and Sweden) may be compared to ‘organized corporatism’ in Visser’s typology. Its characteristic trait is the large scope of collective bargaining. The state interferes with industrial relations (collective bargaining and wage arrangements) to a lesser extent than in other clusters. The key feature of this cluster is the autonomy and strong influence of social partner organizations (employer and employee representations) on industrial relations and high importance of social dialogue institutions.

*Cluster 3* [France, Italy, Portugal, Slovenia, Spain and Greece (in 2008–2012)] is similar to the southern European model of ‘country orientation’ in Visser’s typology. The cluster also includes Slovenia, unlike in his typology. This cluster features a relatively strong influence on industrial relations of social partner organizations (large scope of collective agreements). There is also a centralized but uncoordinated collective bargaining. Works councils exist at company level but have narrower powers compared to two previous clusters, while the social dialogue at company level is relatively weak (especially in Spain, Italy and Portugal).

*Cluster 4* (Croatia, Hungary, Slovakia) includes countries in which industrial relations are characterized by ‘company-oriented management’. These countries have low unionization levels, uncoordinated pay negotiations and a low percentage of collective agreements. State intervention in collective bargaining is weak but plays a key role in labour relations by ensuring national minimum wages.

*Cluster 5* [Bulgaria, Cyprus, Czechia, Ireland, Latvia, Lithuania, Malta, Romania and Greece (in 2013–2017)] comprises countries whose common trait is ‘voluntarist associational governance’, namely almost all liberal countries (except the UK), Baltic states (except Estonia), as well as Bulgaria and Romania. According to the authors of the report cluster 5 roughly corresponds to the ‘pure neoliberal’ model in Bohle and Greskovits’ typology. This cluster however also includes the Czech Republic, i.e. the country included in Bohle and Greskovits’ category of ‘embedded neoliberalism’ being embodied in the Visegrad Group economies. The countries allocated to cluster 5 display the lowest level of industrial democracy and employee participation at enterprise level.

*Cluster 6* (Estonia, Poland, United Kingdom) is ‘market-oriented’. Its most distinctive features include the lowest level of industrial democracy indicator and participation of social partners in formulating socio-economic policy. This poor performance in industrial democracy is a consequence of the weakness of social partners. At the institutional level, the countries found in this cluster exhibit a very uncoordinated and decentralized collective bargaining system, as well as a small role of the state in this system. In these countries, the statutory national minimum wage applies and there are effective institutions of employee interest representation guaranteed by law (which is largely the result of the need to comply with the European Parliament directives). The outcomes of social dialogue at the enterprise level show a considerable scope of differentiation within the cluster: Estonia and the United Kingdom achieve results above the average for the EU countries, whereas Poland – below the average.

As a comment to the foregoing typology, it has to be mentioned that – due to the choice of specific research tools – it did not single out a separate Anglo-Saxon cluster (the UK was identified to be part of cluster 6 while Ireland – of cluster 4).

The authors of the report in question found a significant dispersion among the eleven countries of Central and Central Europe. In this context, they cited critics of Jelle Visser’s typology: ‘some scholars have expressed concerns about Visser’s classification and the presumed homogeneity of some industrial relations models such as the state-centered model (Meardi 2018) and the transitional model. According to Bernaciak (2015), allocating all the Central and Eastern European countries (except Slovenia) to the same category obscures important cross-country variations in economic structures and institutional setting’ (Eurofound 2018: 10). Let us also quote Guglielmo Meardi’s remark, following the Eurofound report: ‘National models, which were so visible in the 1990s to the then prolific comparative international relations literature, quickly started to be seen as ‘in flux’ (Bosch et al. 2009), ‘in crisis’ (Dølvik, Martin 2014) or even ‘failed ideas’ (Lehndorff 2012)’ (Meardi 2018: 5, after Eurofound 2018: 10). We refer to the above insights since they were largely corroborated in our study based on the data from 2005 and 2014, as well as during participant observation, that has been conducted in Poland by Juliusz Gardawski since 1989. In our research carried out in Poland, we noted a ‘slippage’ of the institutional arrangements towards a system whose essence, in our view, is best depicted by a concept of ‘patchwork’. This concept roughly corresponds to what Meardi dubbed, after Bosch et al (2009), (institutional arrangements) ‘in flux’.

### 3. Data and Methodology

One of the goals of our research was to examine the pace and nature of changes in the institutional area of labour market and industrial relations in the CEE11 countries and to compare them in this respect with changes in selected Western European countries. In our study, we employ a relatively small set of six quantitative and qualitative variables describing the area of industrial relations and the labour market. In the course of our research project we tested several configurations or sets of variables, which yielded slightly different results in subsequent studies carried out by the present authors. In this empirical exercise, we have operationalized the subject of the study using six indicators (variables) describing the labour market and industrial relations, calculated for two periods: a year close to the enlargement of the European Union to Central and Eastern Europe (2005, and in the absence of data – 2006) and the last year for which the data were available at the time of calculations (mainly 2014).

Below we discuss the variables selected for this study and explain their economic significance. The indicators selected or measures of the institutional architecture of the area 'labour market and industrial relations' have been divided into two groups. The first group encompassed three variables referring to industrial relations, and namely:

1) **UD** ('union density') – measures the percentage of trade union members among the total number of employees meeting the membership criteria (Visser 2015: 26); it is assumed that the higher percentage of employees belongs to unions, the stronger is the bargaining position of these organizations (or their 'veto power' is bigger – Gardawski 1990), and thus – the greater is the willingness on the part of employers to participate in collective negotiations and, consequently, the larger is the scope of collective agreements, measured in our study by the [Adjcov] index.

2) **ADJCOV** ('adjusted bargaining coverage rate') – employees covered by collective (wage) bargaining agreements as a proportion of all wage and salary earners in employment with the right to bargaining, expressed as percentage, adjusted for the possibility that some sectors or occupations are excluded from the right to bargain' (Visser 2015: 26). Collective labour agreements are still recognized as the most important component of industrial relations. The scope of collective agreements is an indicator of the power of trade unions and the institutionalization of industrial relations, which is rooted in the tradition of industrial democracy in the socio-economic system.

3) **GOVINT** ('state intervention') – scope of state intervention in wage negotiations. A value of 5 means that the government imposes wage arrangements in the private sector, imposes a ceiling on the results of negotiations, or suspends negotiations; 4 – the government participates directly in wage negotiations (tripartite negotiations, conclusion of social pacts); 3 – the government indirectly influences the results of wage negotiations through price caps, indexation, tax incentives, minimum wages and/or benchmarking through wages in the public sector; 2 – the government influences wage negotiations by providing an institutional framework for consultation and exchange of information, through a conditional agreement on extending contracts with the private sector and/or through providing a conflict resolution mechanism that combines dispute resolution in the economy; 1 – the government does not intervene in any wage negotiations (Visser 2015: 15).

All the data regarding the above variables come from the Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts in 55 countries between 1960 and 2018, created by the team of Jelle Visser from the Institute for Advanced Labour Studies – Amsterdam University.

We treated the above indicators as variables describing the 'input' side of the institutional architecture of the institutional area involved ('input' variables). In general, we assumed that the level of union membership, the scope of collective agreements and the scope of state intervention will be correlated with three remaining indicators describing selected aspects of the labour market, including three variables employed in our study, i.e.:

4) **EMPRAT** ('employment rate') – the indicator is calculated as the ratio of the number of employed persons to the working age population. The indicator refers (OECD 2018) to people aged 15 to 64. Full employment – or at least active measures to reduce unemployment – is one of the main goals of trade unions. The Keynesian doctrine in socio-economic policy, mentioned earlier, in contrast to neoclassical economics fundamentally opposed unemployment and provided the basis for economic programs of some trade unions.

5) **TEMEMP** ('temporary employment') – the indicator is calculated as a share of temporary employees in the total number of employees (OECD 2018). Temporary employment is one of the forms of flexible working time, widely recognized as less favorable than employment for an indefinite period, which has been the subject of many debates initiated in various forums by trade unions to combat its spread. The results of social surveys prove the widespread reluctance of the world of labour to

time contracts (exception being, perhaps, people employed in the 'new economy' who were not willing to take on the roles of 'freelancers').

**6) LOWAGE** ('low wages') – the share of employees with low wages in total employment. This OECD index refers to the share of employees earning less than two-thirds of the median earnings. Data include full-time employees (OECD 2018).

The foregoing indicators are part of a set of variables describing the labour market in terms of its universal accessibility, flexibility and competitiveness. We interpreted these indicators as output measures of the institutional architecture of the area 'industrial relations and the labour market' describing its performance (output variables). All indicators were measured in percentage terms (except [Govint]) and all, including [Govint], had an interval nature. When starting the research, we assumed a certain level of harmonization of interrelationships between variable packages, i.e. more pro-employee industrial relations should be correlated with more powerful trade unions, a wider scope of collective agreements, a higher level of state intervention (here we assumed that this intervention translates into the quality of social dialogue and the scope of collective bargaining agreements), as well as a lower rate of temporary employment, a lower percentage of low wages and a higher employment rate. Obviously, these phenomena are determined by many diverse factors, yet we assumed that the aforementioned relationships between the indicators of industrial relations and those characterizing the labour market will also be captured in a statistically significant extent. We realized that earlier research showed no strong correlations between the respective variables and their sets, which in our view proves the patchwork nature of institutional arrangements in the area of labour market and industrial relations and casts a certain doubt over the validity of a standard distinction between the 'input' and 'output' variables in this particular institutional area.

The benchmark or frame of reference in our study comprises four Western European countries representing Amablean four models of capitalism that is Germany (the Continental model), Spain (Mediterranean model), Sweden (Nordic model), and the United Kingdom (Anglo-Saxon model). In our research, we did not compare therefore the data on the CEE11 countries with theoretical constructs corresponding to these four 'ideal-typical' models, but with empirical data depicting specific reference countries.

Based on the foregoing set of variables, we computed the coefficients of similarity that compare each CEE11 country with the respective reference economies in terms of individual indicators. In the next step, using the composite measures of similarity we compared in more aggregate or average terms the institutional characteristics of the

labour market and industrial relations area in a CEE11 country with its counterparts in the benchmark countries representing four models of Western European capitalism. This approach relies on the method devised for the purpose of the research project referred to earlier (Maszczyk, Próchniak 2019). The aim was to develop a quantitative technique which would enable cross-country comparisons including the possibility of expressing the level of institutional similarity in numerical terms.

The coefficients of similarity express the ranks of institutional resemblance between a CEE country and the reference economies in terms of a particular indicator (upward and downward deviations are treated equally). Thus, they represent the percentage scale and range from 0 to 100. The higher the value, the greater is the similarity of the countries involved.

The ranks are calculated in the following way. The highest score (100) corresponds to the situation when the value of a variable for a CEE country is exactly the same as the value for the benchmark economy. It implies full similarity between a CEE11 country and a particular reference Western European economy in terms of this variable. In other words, it is the case when a CEE11 country matches exactly a particular model of capitalism.

The lowest score (0) occurs when the value of a variable for a CEE11 country is outside the following range:

$$(X_{refC} - 3 \times \text{st.dev.}(X_1 \dots X_{15}); X_{refC} + 3 \times \text{st.dev.}(X_1 \dots X_{15})), \quad (1)$$

where  $X_{refC}$  is the value of the variable  $X$  for the reference country (representing a specified model of capitalism), while  $\text{st. dev.}(X_1 \dots X_{15})$  is the standard deviation of the variable  $X$  in the whole analyzed group encompassing 11 CEE countries and 4 reference economies. Hence, if the value of a given variable for a CEE11 country exceeds the value for a reference country by three standard deviations or more (regardless of the direction), score 0 is ascribed meaning that there is no similarity whatsoever between the two countries concerned.

If the value of a given variable for a CEE11 country is inside the interval described by formula (1), the scores are calculated in percentage terms, that is proportionally to the distance between the reference value ( $X_{refC}$ ), for which the score 100 is assigned, and the boundary value [ $X_{refC} - 3 \times \text{st.dev.}(X_1 \dots X_{15})$  or  $X_{refC} + 3 \times \text{st.dev.}(X_1 \dots X_{15})$ , depending on the direction of dissimilarity], which is associated with the score 0.

The comparison has been carried out in two planes, which significantly differ in their methodological language, and sometimes also in the pictures obtained: the first plane involved composite (or average) indicators while the second – specific (or partial) indicators expressed in terms of quantitative interval variables.

## 4. Empirical Results

### 4.1. Distribution of Input and Output Variables in Reference Countries and in the CEE11 Countries

Table 3 provides the values of industrial relations indicators (defined earlier as input variables) and labour market indicators (output variables) in the reference countries in 2005 and 2014 and compares them with the mean values for the whole CEE11 group. Table 4 presents the levels of these variables in individual CEE countries.

**Table 3. The values of input and output variables in reference countries and in all CEE11 countries, 2005 and 2014**

	[UD] (union density)	[AD]COV] (collective agreements)	GOVINT] (state)	[TEMEMP] (temporary employment)	[EMPRAT] (employment rate)	[LOWAGE] (low wages)
	per cent			per cent		
Continental model						
Germany 2005	21.5	64.9	1.0	10.1	69.4	20.3
Germany 2014	17.7	57.8	1.0	10.0	77.7	22.5
Germany 2005–2014	-3.8	-7.1	-	-0.1	+8.3	+2.2
Mediterranean model						
Spain 2005	15.9	68.7	1.0	26.6	67.5	13.4
Spain 2014	16.8	72.7	1.0	19.6	59.9	14.6
Spain 2005–2014	+0.9	+4.0	-	-10.0	-7.6	+1.2
Nordic model						
Sweden 2005	82.4	94.0	1.0	12.4	77.9	1.8
Sweden 2014	67.7	90.0	1.0	13.6	80.0	2.6
Sweden 2005–2014	-2.0	-4.0	-	+1.2	+2.1	+0.8
Anglo-Saxon model						
United Kingdom 2005	27.0	34.9	1.0	4.4	75.2	21.8
United Kingdom 2014	25.0	27.5	1.0	4.8	76.2	21.3
UK 2005–2014	-2.0	-7	-	+0.4	+1.0	-0.5
Changes in the level of variables in reference countries						
4 countries 2005–2014	-4.9	-3.6	-	+0.3	-3.8	+0.9
Changes in the level of variables in the CEE11 countries						
CEE11 2005	23.3	44.4	1.5	7.2	65.8	22.8
CEE11 2014	15.0	30.4	1.4	7.9	67.9	21.4
CEE11 2005–2014	-8.3	-14.0	-0.1	+0.7	+2.1	-1.4

Source: own calculations.

**Table 4. The values of input and output variables in CEE11 countries, 2005 and 2014**

	[UD] (union density)	[ADJCOV] (collective agreements)	[GOVINT] (state intervention)	[TEMEMP] (temporary employment)	[EMPRAT] (employment rate)	[LOWAGE] (low wages)
	per cent			per cent		
Bulgaria 2005	18.6	40.0	1.0	5.0	61.9	18.2
Bulgaria 2014	14.0	28.3	1.0	4.5	65.1	18.2
<i>Bulgaria 2005–2014</i>	-4.6	-11.7	-	-1.5	+3.2	-
Croatia 2005	38.0	59.1	1.0	9.2	59.9	21.0
Croatia 2014	25.4	49.7	3.0	14.0	59.2	23.1
<i>Croatia 2005–2014</i>	-12.6	-9.4	+2	+4.8	-0.7	+2.1
Czechia 2005	19.7	27.8	1.0	6.4	70.7	17.0
Czechia 2014	12.9	31.7	1.0	7.8	73.5	18.7
<i>Czechia 2005–2014</i>	-6.8	+3.9	-	+1.4	+2.7	+1.7
Estonia 2005	9.4	23.0	2.0	2.3	72.0	23.2
Estonia 2014	5.5	23.0	1.0	2.6	74.3	22.8
<i>Estonia 2005–2014</i>	-3.9	-	-1.0	+0.4	+2.3	-0.4
Hungary 2005	17.2	24.8	1.0	5.9	62.2	21.9
Hungary 2014	10.1	22.3	1.0	9.4	66.7	17.8
<i>Hungary 2005–2014</i>	-6.9	-2	-	+3.5	+4.5	-5.9
Latvia 2005	17.9	34.2	1.0	7.2	69.1	30.9
Latvia 2014	12.7	24.0	1.0	2.9	70.7	25.5
<i>Latvia 2005–2014</i>	-5.2	-10.2	-	-5.3	+1.6	-5.4
Lithuania 2005	13.6	15.0	1.0	4.4	70.7	29.1
Lithuania 2014	8.1	8.1	1.0	2.3	71.8	24.0
<i>Lithuania 2005–2014</i>	-5.5	-6.9	-	-2.1	+1.1	-5.1
Poland 2005	26.0	25.0	1.0	18.9	58.3	24.7
Poland 2014	15.0	17.7	1.0	22.1	66.5	23.6
<i>Poland 2005–2014</i>	-11.0	-7.3	-	+3.2	+8.2	-1.1
Romania 2005	35.9	100.0	3.0	1.5	63.6	26.8
Romania 2014	22.1	30.0	1.0	1.0	65.7	24.4
<i>Romania 2005–2014</i>	-13.8	-70.0	+2	-0.5	+2.1	-2.2
Slovakia 2005	22.8	40.0	1.0	4.1	64.5	18.3
Slovakia 2014	12.8	30.0	2.0	7.3	65.9	19.2
<i>Slovakia 2005–2014</i>	-10.0	-10.0	+1.0	+3.2	+1.4	+0.9
Slovenia 2005	37.5	100.0	4.0	14.0	71.1	19.2
Slovenia 2014	26.4	69.2	3.0	13.4	67.7	18.5
<i>Slovenia 2005–2014</i>	-11.1	-30.8	-1	-0.6	-3.4	-1.3

Source: own calculations.

A closer inspection of the content of Table 3 indicates that in the case of indicators defined as input variables, treated jointly, the CEE11 countries witnessed a greater reduction in the quality of industrial relations compared to the reference countries: whereas in the former the percentage of employees covered by collective labour agreements ([ADJCOV]) decreased significantly, by as much as 14 percentage points (p.p.), in the latter it fell by 3.6 p.p. (with a small increase of this indicator in Spain).

Table 4 shows that the CEE11 countries can be divided into three categories in terms of the union density dynamic: (i) the largest fall in union density was recorded in Romania (13.8 p. p.), Croatia (12.6) and Slovakia (11.1 p. p.); (ii) a moderate decrease occurred in Poland (11 p.p.), Slovakia (10 p.p.), Hungary (6.9 p.p.) and the Czech Republic (6.8 p.p.); (iii) a mild decline took place in Lithuania (5.5), Latvia (5.2), Estonia (3.9) and Bulgaria (1.1 p.p.). In turn, four categories were found in the sample countries in terms of the dynamic of collective labour agreements: (i) a country displaying a deep decline in the scope of collective agreements – Romania (70.0 p.p.), (ii) countries experiencing a moderate decline: Slovenia (30.8 p.p.), Bulgaria (11.7), Latvia (10.2) and Slovakia (10 p.p.); (iii) low-decline and non-decline countries: Croatia (9.4 p.p.), Lithuania (6.9), Poland (7.3), Hungary (2.0 p. p.), and Estonia – no change; and (iv) a country showing a mild rise: Czechia (by 3.4 p.p.).

As a general insight, when comparing changes in the values of these two indicators, we came to the conclusion that the picture established reveals a patchwork face. Going one step further in the analysis, we found that three countries clustered at the opposite ends of the spectrum of union density and collective labour agreements dynamics: a deep drop in union density was associated with no decline in the scope of agreements or just the opposite (Bulgaria, Czechia, Latvia); four countries recorded a largely or very largely coordinated change (Romania, Slovenia, Croatia, Slovakia), whereas the remaining CEE economies were situated between the two poles. For example, Table 4 shows that over the past nine years Czechia, as the only CEE11 country, saw the scope of collective labour agreements coverage going up (by 3.4 p.p.); at the same time the union membership rate decreased (by 6.8 p.p.), while the share of temporary contracts rose by 1.4 p.p. In Romania, the scope of collective labour agreements plummeted by 70.0 p.p., the union membership rate shrank by 13.8 p. p. and the scope of temporary contracts remained virtually unchanged (down by 0.5 p.p.).

It is worth adding that the reference countries also differed significantly in terms of the scope of collective labour agreements and union membership dynamics. Hence, in the remainder of the paper, we will not stick to the distinction between ‘input variables’ and ‘output variables’ (suggesting some correlation between these

two variable packages) discussed earlier in the text; rather, we will use the terms: 'variables of industrial relations' and 'variables of the labour market'.

These observations can be generalized to ascertain that after the breakdown of Fordism and by the same token – of a relative balance between labour and capital, the hitherto existing interdependence between industrial relations and the labour market withered. As a consequence, the idea of patchwork becomes in our view a better way of interpretation than the concept of systems based on relatively regular relationships between 'input' and 'output' variables, which was the starting assumption in our earlier studies. As a wrap up of these comments it may be added that in the previous studies (Próchniak et al. 2016) we adopted somewhat different sets of variables to test the hypothesis on the impact of input variables on output ones. In the present paper, we used another set of variables that – while yielding a slightly diverging result in composite comparisons – confirms the patchwork hypothesis. However, we wish to emphasize that the sets of variables employed in our previous empirical exercises pointed to a lack of correlation too, which we deem to be a characteristic feature of a patchwork.

## 4.2. Composite Coefficients of Similarity of CEE11 Countries to Reference Countries

Table 5 contains the values of similarity coefficients in the area of the labour market and industrial relations in 2005, while Table 6 shows analogous coefficients for 2014.

According to the data in Table 5, in 2005 the CEE11 countries showed the greatest institutional similarity to two Western European models of capitalism, i.e. the Continental model represented by Germany and the Anglo-Saxon model embodied by the United Kingdom. On the other end of the spectrum, these countries, just after their EU accession, exhibited the lowest resemblance to the Nordic model, represented by Sweden. A certain deviation from this general pattern was found in Poland, which in the area concerned showed the greatest relative proximity to the Mediterranean model represented by Spain.

The foregoing results suggest that most of the CEE11 countries in the pre-accession period have succeeded in meeting the expectations of the European Commission, which since the outset of systemic transformation has exerted pressure on the prospective new member states to adopt the European standards in key areas.

PHARE programs played an important role in this process as a vehicle of enhancing the development of social dialogue at industry and regional levels (Towalski 2011).

**Table 5. Composite coefficients of similarity of CEE11 countries to reference countries in the area of industrial relations and the labour market (2005)**

Country	Reference country			
	Germany	Spain	Sweden	United Kingdom
Bulgaria	70.7	64.6	26.1	67.0
Croatia	74.7	64.1	34.2	59.3
Czechia	86.3	61.7	47.0	82.0
Estonia	74.9	50.0	37.4	81.0
Hungary	70.3	62.7	23.7	69.1
Latvia	73.8	44.2	33.7	74.6
Lithuania	71.6	45.7	35.1	75.1
Poland	58.9	67.5	20.7	49.1
Romania	62.9	58.8	34.7	55.4
Slovakia	73.5	66.2	29.1	70.6
Slovenia	65.8	62.1	46.1	52.5
Mean	71.2	58.9	33.4	66.9

Note: Dark shaded cells indicate the highest similarity of a given CEE country to a benchmark whereas light shaded cells point to the second-closest benchmark with a difference not exceeding 3 percentage points.

Source: own calculations.

**Table 6. Composite coefficients of similarity of CEE11 countries to reference countries in the area of industrial relations and the labour market (2014)**

Country	Reference country			
	Germany	Spain	Sweden	United Kingdom
Bulgaria	63.8	60.5	19.0	70.4
Croatia	65.7	70.8	32.0	52.7
Czech Republic	85.6	50.9	41.6	79.0
Estonia	77.4	33.8	31.6	81.6
Hungary	63.9	60.5	22.6	64.1
Latvia	63.2	42.9	18.1	67.3
Lithuania	62.6	40.2	18.8	66.7
Poland	65.8	45.8	34.3	60.3
Romania	55.6	59.6	23.6	61.6
Slovakia	64.7	59.9	19.4	67.7
Slovenia	72.5	73.4	36.7	59.1
Average	67.4	54.4	27.1	66.4

Note: as in Table 5.

Source: own calculations.

A comparison of the content of Tables 5 and 6 shows that the Baltic countries have adopted institutional arrangements that brought them relatively close to the model of neoliberal industrial relations, which used to be also emphasized by other researchers, including Bohle and Greskovits (2012). As may be seen from the data for 2014, four other CEE countries (Bulgaria, Hungary, Romania, Slovakia) followed a similar path moving away from the German toward the British pattern.

Four other CEE countries have chosen to follow quite distinct institutional development trajectories. The Czech Republic has consistently continued the convergence process toward the German pattern (coefficient of similarity equal 85.6 per cent). On the other hand, Poland, whose institutional architecture in the area scrutinized was by 2005 the most akin to the Spanish benchmark, in the next nine years significantly diverged from the institutional characteristics typical of the Spanish model. At the time of the second measurement (2014), Poland displayed comparable resemblance to both the German and British benchmarks, with a slight bias toward the former. Tables 5 and 6 show that Poland has diverged from the Spanish benchmark in terms of temporary employment rate: whereas in Spain it fell from 26.6 to 19.6 per cent, in Poland it augmented from 18.9 to 22.1 per cent. While in Spain the union density index increased by 2.3 p.p., in Poland it went down by 5.4 p.p. The same process of progressive deregulation can be seen at the level of collective labour agreements. On the other hand, the institutional convergence toward Germany was associated with a downward trend in the level of unionization and the coverage of collective labour agreements as well as with a rise in the employment rate, which was characteristic of both Germany and Poland. The convergence process between the two countries took also place in the level of state intervention.

In turn, Croatia and Slovenia took yet another development trajectory – in terms of institutional characteristics they moved away from the German (Continental) model. Instead, between 2005 and 2014 they came closer to the Spanish benchmark, which was mainly due to an increased role of the state on the one hand, and to a declining willingness to cooperation between trade unions and governments, on the other.

As a comment concluding the foregoing discussion, the empirical findings of this part of our study corroborate the claim, being frequently voiced in state-of-the-art literature, that the CEE countries adhered to the logic of development which – in the area of industrial relations – boiled down to a flexible labour market, low labour costs and some accompanying deregulation of industrial relations. This last trend consisted in particular in decentralization of collective bargaining, weakening of trade union

representation of employee interests and diminishing the role of government in wage negotiations.

Adopting an extremely simplified classification approach, based on the criterion of relative proximity of composite indicators to benchmarks or four reference countries, we can summarize the discussion in Section 4.2 with a sketch of clusters for CEE11 countries in 2005 and 2014 which is illustrated in Table 7 below.

**Table 7. Clusters of CEE11 countries in the area of labour market and industrial relations as a derivative of their institutional similarity to reference countries**

Reference country (closest benchmark)	2005	2014
Germany	Bulgaria, Croatia, Czechia, Hungary, Romania, Slovakia, Slovenia	Czechia, Poland
United Kingdom	Estonia, Latvia, Lithuania	Bulgaria, Estonia, Hungary, Latvia, Lithuania, Romania, Slovakia
Spain	Poland	Croatia, Slovenia

Source: own calculations.

### 4.3. Empirical Results for Individual CEE11 Countries

#### Poland

Poland ranks among the countries where deinstitutionalization of industrial relations (i.e. a decay of union membership and collective agreements) and a growing rate of temporary employment were accompanied by an increase in the employment rate and a decline in the level of low wages, which we interpret as the effect of a patchwork erosion of the very fabric or structure of this institutional area (for more on this topic – see: Gardawski, Rapacki 2019).

At the level of composite coefficients of similarity, in the initial year of the study Poland was found to be relatively most akin to Spain, then to Germany and the UK; 9 years later it came closest to Germany, followed by the UK and Spain (Tables 5 and 6). Referring to partial indicators of industrial relations and the labour market, it can be seen that the similarity to Spain in both 2005 and 2014 was determined by temporary employment (in these two years Poland displayed the highest level of this indicator among the CEE11 countries, whereas Spain – among the 4 reference countries). A similar (though a reverse) pattern held for union density: in both measurements Poland was ranked at the bottom of the CEE11 group, while Spain recorded the lowest level of this index among the reference countries. In terms of this

gauge of industrial relations, Poland witnessed a convergence trend toward Germany between 2005 and 2014 (Table 8).

**Table 8. Indicators of industrial relations and the labour market in Poland and reference countries in 2005 and 2014**

Indicator	2005		2014	
	Poland	Reference country and indicator level	Poland	Reference country and indicator level
Industrial relations indicators				
1. UD (union density) (per cent)	26,0	Spain (15,9)	15,0	Spain (16.8) Germany (17.7)
2. ADJCOV (collective agreements) (per cent)	25.0	UK (34.9)	17.7	UK (27.5)
3. GOVINT (state intervention)	1	Spain (1)	1	Germany (1)
Labour market indicators				
4. TEMEMP (temporary employment) (per cent)	18.9	Spain (26.6)	22.1	Spain (19.6)
5. EMPRAT (employment rate) (per cent)	58.3	Spain (67.5)	66.5	Spain (59.9)
6. LOWAGE (low wages) (per cent)	24.7	UK (21.8)	23.6	Germany (22.5)

Source: tables 3 and 4.

As the most general finding, the data in Table 8 also indicate that in terms of all six indicators of industrial relations and the labour market, by 2014 Poland tended to most remarkably gravitate both toward Spain and Germany (3 cases each), with only a secondary role of the UK (1). This outcome points to some discrepancy between the empirical picture based on composite indicators vs. that derived from a separate examination of six variables concerned. One of the clues that may explain the discrepancy in question lies in the behavior of [ADJCOV] variable. As a matter of example, the downgrading of Spain on the similarity axis in favor of the UK between 2005 and 2014 may be ascribed to a sizable fall of the level of this variable in Poland from 25.0 to 17.7 per cent. A similar, though not that deep fall took also place in the UK (from 34.9 to 27.5 per cent). At the same time the (high) level of this ratio in Germany and Sweden remained roughly stable, whereas Spain recorded its rise from 68.7 to 72.7 per cent (Table 3). As a result, even though the values of the remaining five variables in Poland in 2014 displayed a convergence trend to the Spanish level, this was the

behavior of the [ADJCOV] variable coupled with quite small differentials in the values of the remaining indicators between Spain and other reference countries that made a difference. All in all, in terms of composite or mean coefficients of similarity Poland (Table 5 and 6) moved away from Spain on the similarity map and got closer to the UK, which was not fully captured by the image based on partial variables (Table 8).

### Bulgaria

Similarly to most other CEE11 countries, Bulgaria has also followed a patchwork scenario – a deep contraction in the scope of collective agreements and a decline in union density were accompanied by a rise in the employment rate and a fall in the level of temporary employment – these dimensions of the institutional architecture and directions of their changes clearly lack coherence or a common thread. In 2005, in terms of the composite coefficients of similarity Bulgaria was the most akin to Germany. By 2014, as a derivative of parallel changes in the reference countries and a dramatic erosion of Bulgarian collective labour agreements, the pattern of country's resemblance to the reference countries has changed at the composite level. In the final year of the study, the UK became the closest benchmark on the similarity scale, while the similarity to Germany decreased (Table 9).

**Table 9. Indicators of industrial relations and the labour market in Bulgaria and reference countries in 2005 and 2014**

Indicator	2005		2014	
	Bulgaria	Reference country and indicator level	Bulgaria	Reference country and indicator level
Industrial relations indicators				
1. UD (union density) (per cent)	18.6	Germany (21.5)	14.0	Spain (16.8) Germany (17.7)
2. ADJCOV (collective agreements) (per cent)	40.0	UK (34.9)	28.3	UK (27.5)
3. GOVINT (state intervention)	1	Spain (1)	1	Spain (1)
Labour market indicators				
4. TEMEMP (temporary employment) (per cent)	5.0	UK (4.4)	4.5	UK (4.8)
5. EMPRAT (employment rate) (per cent)	61.9	Spain (67.5)	65.2	Spain (59.9)
6. LOWAGE (low wages) (per cent)	18.2	Germany (20.3)	18.2	Germany (21.3)

Source: tables 3 and 4.

The erosion of collective labour agreements in Bulgaria made the value of the pertinent similarity coefficient in this country approximating the level recorded in the UK, where it also went down over the period of our study. In addition, the level of temporary employment and low wages remained low in both countries. In turn, the proximity to Germany was mainly determined in both measurements by the level of unionization.

A more detailed examination of data carried out at the level of six partial indicators highlights the difficulty of unequivocally identifying Bulgaria's status on the scale of similarity in terms of its relative institutional proximity to any specific reference country representing four models of Western European capitalism, with an indication of some resemblance to the UK.

### **Croatia**

Croatia is the only country both in the CEE11 group and in the whole research sample including the reference countries, where union density levels increased over the past nine years; at the same time it also ranks among a few European states consistently featuring a very wide coverage of collective agreements. At the level of composite similarity coefficients in 2005, the institutional architecture of the labour market and industrial relations in this country proved to be the closest to the Continental model represented by Germany. Nine years later, Croatia showed the greatest resemblance to Spain embodying the Mediterranean model (Table 10).

The initial similarities to Germany were mainly a function of the converging levels of three indicators of industrial relations and the labour market: collective labour agreements and temporary employment as well as the low wage index. It should be added that Croatia and Germany were also initially close on the similarity map in terms of union membership, but by 2014 the value of this variable made Croatia more akin to the UK. In turn, the institutional convergence towards Spain was associated with the rate of state intervention and the employment rate.

It can be concluded that in terms of the six analyzed variables, Croatia was relatively most akin to Germany; simultaneously it is worth emphasizing that its institutional order in the area concerned tended to exhibit a growing statist component.

**Table 10. Indicators of industrial relations and the labour market in Croatia and reference countries in 2005 and 2014**

Indicator	2005		2014	
	Croatia	Reference country and indicator level	Croatia	Reference country and indicator level
Industrial relations indicators				
1. UD (union density) (per cent)	38.0	Germany (21.5)	25.4	UK (25.0)
2. ADJCOV (collective agreements) (per cent)	59.1	Germany (64.9)	49.7	Germany (57.8)
3. GOVINT (state intervention)	1	Spain (1)	3	Spain (1)
Labour market indicators				
4. TEMEMP (temporary employment) (per cent)	9.2	Germany (10.1)	14.0	Germany (10.0)
5. EMPRAT (employment rate) (per cent)	59.9	Spain (67.5)	59.2	Spain (59.9)
6. LOWAGE (low wages) (per cent)	21.0	Germany (20.3)	23.1	Germany (22.5)

Source: tables 3 and 4.

## Czechia

A comparative picture of the situation prevalent in Czechia in 2005 and 2014 reveals its relative stability compared to other CEE11 countries (Table 4). Simultaneously, it also points to some improvement in the quality of industrial relations and the labour market, which was most vividly seen in the widening scope of collective agreements. The only deviation from this pattern was the level of unionization that decreased over the period of analysis. The composite comparative indicators (Tables 5 and 6) produced a consistent pattern in both snapshots: Czechia tended to exhibit relatively greatest institutional similarity to Germany and the UK (with a divergence trend vis-à-vis the latter), whereas Spain was the third-closest benchmark on the similarity map followed – with a significant gap – by Sweden. In terms of union density, Germany was by far the closest point of reference for Czechia. In the dimension of collective bargaining, the period under review saw a shift from the UK to Germany, and in the case of employment rates – from Spain to Germany. Only the temporary employment rate followed a different path: from a relative proximity to Spain to some convergence toward the UK (Table 11).

**Table 11. Indicators of industrial relations and the labour market in Czechia and reference countries in 2005 and 2014**

Indicator	2005		2014	
	Czechia	Reference country and indicator level	Czechia	Reference country and indicator level
Industrial relations indicators				
1. UD (union density) (per cent)	19.7	Germany (21.5)	12.9	Spain (15.9)
2. ADJCOV (collective agreements) (per cent)	27.8	UK (34.9)	31.7	Germany (57.8)
3. GOVINT (state intervention)	1	Germany (1)	1	Germany (1)
Labour market indicators				
4. TEMEMP (temporary employment) (per cent)	6.4	UK (4.4)	7.8	Germany (10.0)
5. EMPRAT (employment rate) (per cent)	70.7	Germany (69.4) Spain (67.5)	73.5	UK (76.2) Germany (77.7)
6. LOWAGE (low wages) (per cent)	17.0	Germany (20.3)	18.7	Germany (22.5)

Source: tables 3 and 4.

The foregoing empirical results also indicate that both in 2005 and in 2014 four out of six coefficients of similarity in the area of labour market and industrial relations made Czechia mostly resembling Germany, which was the highest level of similarity among all 11 countries of Central and Eastern Europe.

### Estonia

Industrial relations and the labour market in Estonia, measured by means of a composite coefficient of similarity, were both in the initial and the final year of our study relatively closest to the institutional patterns prevalent in the United Kingdom and next in Germany (tables 5 and 6). In terms of partial similarity coefficients, the institutional architecture in this area proved to be very stable (the shifts on the similarity axis tended to reflect its evolution in the reference countries alone). Under the heading of collective agreements and temporary employment, Estonia resembled the most the UK, and in terms of trade union density – Spain (both in 2005 and 2014). In turn, the institutional proximity to Germany applied to state intervention, while the low wage index shifted between 2005 and 2014 from the British benchmark towards Germany (Table 12).

**Table 12. Indicators of industrial relations and the labour market in Estonia and reference countries in 2005 and 2014**

Indicator	2005		2014	
	Estonia	Reference country and indicator level	Estonia	Reference country and indicator level
Industrial relations indicators				
1. UD (union density) (per cent)	9.4	Spain (15.9)	5.5	Spain (16.8)
2. ADJCOV (collective agreements) (per cent)	23.0	UK (34.9)	23.0	UK (27.5)
3. GOVINT (state intervention)	2	Germany (1)	1	Germany (1)
Labour market indicators				
4. TEMEMP (temporary employment) (per cent)	2.3	UK (4.4)	2.6	UK (4.8)
5. EMPRAT (employment rate) (per cent)	72.0	Germany (69.4)	74.3	UK (76.2)
6. LOWAGE (low wages) (per cent)	23.2	UK (21.3)	22.8	Germany (22.5)

Source: tables 3 and 4.

Despite some ambiguity inherent in the picture for Estonia, it shows that in the whole period under review this Baltic country tended to gravitate the most – in average terms – towards the UK or the Anglo-Saxon model. The similarity to the UK might have been a derivative of the logic of economic development pursued in Estonia, which – in the area of labour market – entailed the primacy of flexibility and competitiveness over employment security. The implementation of this logic was possible, as in other countries of the region, thanks to a low level of bargaining regulation and a relatively low level of unionization.

### Hungary

The Hungarian case confirms the standard relationships and trends occurring in the CEE11 countries in the institutional area scrutinized between 2005 and 2014: a fall in the level of unionization and the coverage of collective agreements, a slight rise in temporary employment and employment rate, and a small decrease in the low wage ratio. A comparison of composite coefficients of similarity indicates that in both the initial and final year of the study Hungary developed a three-polar pattern

of an almost equal institutional distance to the Continental, Anglo-Saxon and Mediterranean models of capitalism (Tables 5 and 6).

**Table 13. Indicators of industrial relations and the labour market in Hungary and reference countries in 2005 and 2014**

Indicator	2005		2014	
	Hungary	Reference country and indicator level	Hungary	Reference country and indicator level
Industrial relations indicators				
1. UD (union density) (per cent)	17.2	Spain (15.9)	10.1	Spain (16.8)
2. ADJCOV (collective agreements) (per cent)	24.0	UK (34.9)	22.8	UK (27.5)
3. GOVINT (state intervention)	1	Spain (1)	1	Spain (1)
Labour market indicators				
4. TEMEMP (temporary employment) (per cent)	5.9	UK (4.4)	9.4	Germany (10.1)
5. EMPRAT employment rate) (per cent)	62.2	Spain (67.5)	66.7	Spain (59.9)
6. LOWAGE (low wages) (per cent)	21.9	UK (21.8)	17.8	Spain (14.6)

Source: tables 3 and 4.

By 2014, Hungary saw a change in the order of reference countries within this pattern in favor of the Anglo-Saxon model; simultaneously, the differences between the relevant similarity coefficients further shrank (below 4 p. p.).

### Latvia

In 2005–2014 Latvia experienced a downward trend in the level of union membership while the coverage of collective agreements remained unchanged; at the same time, the level of labour market indicators increased moderately (lower scope of temporary employment and low wages). A comparative analysis based on composite coefficients of similarity reveals that in both the initial and final year of the study, Latvia displayed the greatest relative similarity simultaneously to two different models of Western European capitalism that is to the Anglo-Saxon and the Continental capitalism (Tables 5 and 6). The similarity to the Anglo-Saxon model was primarily determined by three key variables: coverage of collective labour agreements, temporary employment rate and low pay ratio (Table 14).

**Table 14. Indicators of industrial relations and the labour market in Latvia and reference countries in 2005 and 2014**

Indicator	2005		2014	
	Latvia	Reference country and indicator level	Latvia	Reference country and indicator level
Industrial relations indicators				
1. UD (union density) (per cent)	17.9	Germany (21.5)	12.7	Spain (16.8)
2. ADJCOV (collective agreements) (per cent)	34.2	UK (34.9)	24.0	UK (27.5)
3. GOVINT (state intervention)	1	Germany (1)	1	Germany (1)
Labour market indicators				
4. TEMEMP (temporary employment) (per cent)	7.2	UK (4.4)	2.9	UK (4.8)
5. EMPRAT (employment rate) (per cent)	69.1	Germany (69.4)	70.7	UK (76.2)
6. LOWAGE (low wages) (per cent)	30.9	UK (21.8)	25.5	Germany (22.5)

Source: tables 3 and 4.

It should be stressed however that the institutional kinship with the United Kingdom remained only insignificantly weaker than that with Germany (a similarity coefficients differential at the order of 4 p. p.).

## Lithuania

In the area of industrial relations and the labour market, Lithuania is the example of a country representing a mix of declining standards in the field of industrial relations, and moderately improving labour market indicators. The composite similarity coefficients identified Spain as the closest reference point in 2005, followed by Germany. By 2014, on the scale of similarity Lithuania was found to display the smallest gap vis-à-vis the UK. At the same time the distance to the second-closest Germany was only insignificantly larger (Table 15) which implies again the emergence of a polycentric pattern of institutional resemblance in yet another CEE country.

**Table 15. Indicators of industrial relations and the labour market in Lithuania and in reference countries in 2005 and 2014**

Indicator	2005		2014	
	Lithuania	Reference country and indicator level	Lithuania	Reference country and indicator level
Industrial relations indicators				
1. UD (union density) (per cent)	13.6	Spain (15.9)	8.1	Spain (16.8)
2. ADJCOV (collective agreements) (per cent)	15.0	UK (34.9)	8.1	UK (27.5)
3. GOVINT (state intervention)	1	Germany (1)	1	Germany (1)
Labour market indicators				
4. TEMEMP (temporary employment) (per cent)	4.4	UK (4.4)	2.3	UK (4.8)
5. EMPRAT (employment rate) (per cent)	70.7	Germany (69.4)	71.8	UK (76.2)
6. LOWAGE (low wages) (per cent)	29.1	UK (21.8)	24.0	Germany (22.5)

Source: tables 3 and 4.

The key partial similarity coefficients (collective agreements, temporary employment) in both analyzed years made Lithuania most similar to the UK. Worth underlining is also the stable institutional kinship with Spain in terms of union density. In the case of the remaining partial indicators, the empirical picture turned out to be ambiguous – in 2005 and 2014 the closest institutional benchmarks for Lithuania were found to be alternatively Germany and the UK.

### Romania

Romania constitutes an extreme example of the divergence trends in the behavior of industrial relations and labour market indicators. Over the nine years covered by our empirical exercise, there has been a very deep decline in the level of trade union membership and the scope of collective agreements. At the same time, labour market indicators showed a small qualitative improvement: the level of low wages and employment rate decreased, and so did the temporary employment rate – being already very low. These outcomes corroborate once again our conjecture regarding the patchwork essence of the institutional architecture involved which boils down inter alia to a lack of a common ground or fabric for industrial relations and the

labour market in CEE11 countries. At the level of composite coefficients of similarity in 2005 Romania displayed the largest relative institutional proximity to Germany (Table 5), even though at the level of separate partial indicators similarities to the United Kingdom and Spain were found to be more pronounced (Table 16).

**Table 16. Indicators of industrial relations and the labour market in Romania and reference countries in 2005 and 2014**

Indicator	2005		2014	
	Romania	Reference country and indicator level	Romania	Reference country and indicator level
Industrial relations indicators				
1. UD (union density) (per cent)	35.9	UK (27.0)	22.1	Germany (17.7)
2. ADJCOV (collective agreements) (per cent)	100.0	Spain (72.7)	30.0	UK (27.5)
3. GOVINT (state intervention)	3	Spain (1)	1	Germany (1)
Labour market indicators				
4. TEMEMP (temporary employment) (per cent)	1.5	UK (4.4)	1.0	UK (4.8)
5. EMPRAT (employment rate) (per cent)	63.6	Spain (67.5)	65.7	Spain (59.9)
6. LOWAGE (low wages) (per cent)	26.8	UK (21.8)	24.4	UK (21.3)

Source: tables 3 and 4.

The 2005–2014 period witnessed a shift on the map of Romania's similarity to reference countries – the UK became the closest benchmark on this map, thus replacing Germany in this role. It did not change however the prevailing, polycentric pattern of simultaneous similarity to three different models of capitalism (Anglo-Saxon, Mediterranean and Continental – the differentials in the levels of respective composite coefficients did not exceed 6 percentage points).

### Slovakia

Between 2005 and 2014 Slovakia experienced a significant fall in the level of trade union membership and the scope of collective labour agreements, which was accompanied by mild increase in the low wage and temporary employment ratios, and a token rise in the employment rate. In the initial year of our study, institutional

arrangements typical of the Continental model prevailed in the Slovak industrial relations system and the labour market, while in 2014 they seemingly converged towards the Anglo-Saxon one. The most important explanatory variables underlying the gravitation trend of Slovak capitalism in the area under consideration towards the Continental model in 2005 comprised the level of unionization and the low wage index (Table 17), while the highest institutional proximity to the Anglo-Saxon model was found in two key dimensions in both years – collective labour agreements and temporary employment.

**Table 17. Indicators of industrial relations and the labour market in Slovakia and reference countries in 2005 and 2014**

Indicator	2005		2014	
	Slovakia	Reference country and indicator level	Slovakia	Reference country and indicator level
Industrial relations indicators				
1. UD (union density) (per cent)	22.8	Germany (21.5)	12.8	Spain (15.9)
2. ADJCOV (collective agreements) (per cent)	40.0	UK (34.9)	30.0	UK (27.5)
3. GOVINT (state intervention)	1	Spain (1)	2	Germany (1)
Labour market indicators				
4. TEMEMP (temporary employment) (per cent)	4.1	UK (4.4)	7.3	UK (4.8)
5. EMPRAT (employment rate) (per cent)	64.5	Spain (67.5)	65.9	Spain (59.9)
6. LOWAGE (low wages) (per cent)	18.3	Germany (20.3)	19.2	UK (21.3)

Source: tables 3 and 4.

Worth noting is also a small gap between the values of the composite coefficients of similarity of Slovakia both in 2005 and 2014 to three different reference countries – United Kingdom, Germany and Spain (the pertinent differentials were within the band of 8 p. p.), which implies the persistence of a multi-polar pattern of similarity of this country to Western European models of capitalism.

## Slovenia

Slovenia, the only CEE country being classified in other studies into the category of a coordinated market economy, with a very highly institutionalized social dialogue, has been extremely strongly destabilized in the field of industrial relations by the global financial crisis of 2008+ (Stanojević 2011). The data in Table 18 show a fall in the level of union membership, the scope of collective labour agreements and a weakening of social dialogue [represented by (GOVINT) variable]. On the other hand, three labour market indicators did not change (the differences between 2005 and 2014 are insignificant).

A comparative analysis of the composite coefficients reveals that Slovenia developed a bipolar pattern of an almost equal similarity to two reference countries: Germany and Spain, which held in both the initial and the final year of the study. While in 2005 the differential in the respective values amounted to less than 4 p.p., by 2014 this margin fell below 1 p.p. (with the reverted order of the two reference countries concerned). On the other hand, the picture established in Slovenia at a more disaggregate level of six partial indicators points to a remarkable heterogeneity of the institutional architecture in the area examined (Table 18).

**Table 18. Indicators of industrial relations and the labour market in Slovenia and reference countries in 2005 and 2014**

Indicator	2005		2014	
	Slovenia	Reference country and indicator level	Slovenia	Reference country and indicator level
Industrial relations indicators				
1. UD (union density) (per cent)	37.5	UK (27.0)	26.4	UK (25.0)
2. ADJCOV (collective agreements) (per cent)	100.0	Sweden (94.0)	69.2	Germany (57.8)
3. GOVINT (state intervention)	4	Spain (1)	3	Spain (1)
Labour market indicators				
4. TEMEMP (temporary employment) (per cent)	14.0	Sweden (12.4)	13.4	Sweden (13.6)
5. EMPRAT (employment rate) (per cent)	71.1	Germany (69.4)	67.7	Germany (77.7)
6. LOWAGE (low wages) (per cent)	19.2	UK (21.8)	18.5	UK (21.3)

Source: tables 3 and 4.

Slovenia's proximity to the Nordic model deserves separate attention in the case of two indicators that is collective labour agreements and temporary employment. Since a more in-depth discussion of the complex circumstances underlying the collapse of the pre-crisis system of Slovenian industrial relations is beyond the scope of this paper, we can only conclude that the 2008+ crisis undermined a relatively coherent CME model (or Coordinated Market Economy) existing earlier in this country and gave birth to an institutional matrix largely devoid of a coherent structure and exhibiting the characteristics of a patchwork design.

## 5. Summary and Conclusions

The empirical analysis carried out in this paper allows a number of key conclusions to be drawn, both of a quantitative and qualitative nature.

1. The overriding aim of our study was to obtain a new empirical picture that would allow a better understanding of the essence and most salient features of post-socialist capitalism emerging in Poland and Central and Eastern Europe (CEE11), analyzed against a broader background of the models of Western-type capitalism co-existing in the European Union (Rapacki 2019; Gardawski, Rapacki 2019). Our approach is rooted in the research tradition known as 'comparative capitalism' or 'comparative (international) political economy'.

2. In the paper we adopted a primarily quantitative approach: we did not dig deeper, with a few exceptions, into the real content of the institutions involved; instead we focused only on measurable dimensions of the labour market and industrial relations, and by the same token – on the dynamics of relevant quantitative data taken from international databases. Thanks to this, it was possible to capture specific interdependencies within the set of six variables reflecting the design and performance of the institutional area of labour market and industrial relations: union density, collective labour agreements, state intervention, employment rate, temporary employment, low wages at two time points, i.e. 2005 and 2014. In addition to the examination of individual or partial variables, composite indicators (or mean values) were computed, which allowed to widen the angle of empirical analysis and shed an extra light on the picture obtained, being instrumental in capturing those aspects that would otherwise be overlooked.

3. The system of industrial relations and the labour market in Western Europe (including the reference countries) has witnessed, on the one hand, a declining trade union density and deregulation of the labour market (and in particular, a shrinking scope of collective labour agreements). On the other hand, these trends have only marginally affected the employment rate, temporary employment coverage and low wage coverage. This may prove the emergence of a new trend towards decentralization and deregulation of the labour market in most Western European countries, increasing dominance of capital over work, and by the same token – a tendency towards a gradual weakening of a coherent institutional ground or a kind of a ‘fabric’ of industrial relations and the labour market, which existed in the times of Fordism (industrialism) and then eroded as a result of subsequent economic crises (Sławiński, Hausner 2018). However, these phenomena have not led to a demise of specific institutional ‘fabric’ or ‘canvas’ in which a number of Western European economies are rooted. The identity of neither a coordinated nor a liberal market economy has disappeared (Thelen 2015). The same conclusion may be applied to many ideal typologies crafted within the comparative political economy. However, according to the construction logic of ideal types, they are not a reflection of specific socio-economic systems although they may refer to them, as in the typology of Hall and Soskice, where a Liberal Market Economy refers primarily to the United States while a Coordinated Market Economy may be identified with Germany.

4. The CEE11 countries in the 1990s experienced a profound destruction of the ‘fabric’ inherited from authoritarian socialism (with the exception of Slovenia). In Poland – the largest country in the group, a package of laws targeting the socio-economic system at an ‘ideal-typical’ model of liberal market economy, coupled with privatization, liquidation of employee participation, and measures geared toward limiting the role of trade unions and reducing the scope of sectoral collective labour agreements was introduced as early as on January 1, 1990. It should be emphasized that, unlike in other CEE countries, a radical reform or shock therapy in Poland was implemented in the absence of social dialogue. After a year and a half, however, these changes unleashed a countermovement of the working class and trade unions; as a result, Polish capitalism began to acquire some features of non-market coordination but nevertheless remained substantially distinct from the CME model. Within the Visegrad group, a relative convergence has occurred: Bohle and Greskovits defined the emerging type of capitalism in the Visegrad countries as an embedded neoliberal regime (2012). However, neither these countries nor most of the other CEE states have created a relatively stable and coherent endogenous ‘fabric’ or ‘canvas’ that would

give rise to their own international comparative advantages (Hall, Soskice 2001). As a matter of fact, a fragmentary 'fabric' has been implanted in these economies by transnational corporations, but it is exogenous by nature and far from being permanent (see the idea of a 'dependent market economy': Nölke, Vliegenthart 2009). The weakness of the institutional matrix that emerged in the sample countries can be seen in the analysis of collective bargaining. All CEE11 economies experienced a change from cross-sectoral and sectoral negotiations to enterprise-level and single-employer bargaining, while in three out of four reference countries the negotiation process prevailed at the sectoral and multi-employer levels (Spain was an exception) (Benchmarking 2015: 48). This is the backdrop of our idea of patchwork capitalism, which emerged after the destruction of the 'fabric' of state socialism. One of the premises for adopting this concept stems from the empirical evidence we gathered while studying the dynamic of six variables depicting the area of industrial relations and the labour market. The shifts we described turned out to be very far-reaching in most countries – they significantly changed the institutional architecture of the national labour markets and industrial relations systems.

5. In terms of the mean coefficients of similarity or composite indicators, the institutional architecture of the labour market and industrial relations area in most CEE11 countries in 2005 was relatively the closest to Germany (7 cases), then to the UK (3 cases) and in one case – to Spain. In 2014, 7 CEE economies exhibited the highest similarity to the UK, 2 – to Germany and 2 – to Spain. At the level of six partial coefficients describing industrial relations and the labour market, the similarities between the CEE11 countries and reference countries were distributed quite evenly: in 2005, in 23 comparisons, the level of relevant coefficients in the former was found to mostly approximate the British standard, in 20 – the German benchmark, in 16 – the Spanish and in 2 – the Swedish one. In turn by 2014, we identified 22 cases of highest similarity to the British, 22 to German, 17 to Spanish and 1 – to the Swedish level of reference. In general, the empirical results of this study imply a polycentric pattern on the similarity picture – for example, the composite coefficient of similarity in both years indicated the greatest proximity of the Czech Republic to Germany, and yet in terms of the value of some partial variables this country was found to be more akin to the United Kingdom (3 cases), and in one case – to Spain. Such polycentricity occurred in all CEE11 countries, which may once again prove the patchwork nature of capitalism that emerged in the countries of Central and Eastern Europe. This conclusion is heuristic, and its full confirmation requires extensive qualitative studies.

6. In the foregoing mosaic image some regularities can be detected regarding two key institutions – the variable [ADJCOV] (collective agreements) depicting industrial relations and the variable describing the labour market [TEMEMP] (temporary employment). In both 2005 and in 2014 there was a far-reaching convergence of relevant coefficients in the CEE11 economies toward the British level. This pattern held in 8 of the 11 CEE countries. In 5 countries of this group, the UK was the only closest benchmark in this context (Bulgaria – see Table 9, Estonia – Table 12, Latvia – Table 14, Lithuania – Table 15, Slovakia – Table 17). On the other hand, a dissimilarity to the UK was found only in the case of Croatia (indicators close to Germany – Table 10) and Slovenia – close to Sweden (Table 18), which indicates a persistent ‘peculiarization’ of this country, described by Bohle and Greskovits (2012). A strong bias of the CEE11 countries under these two headings towards the British benchmark may be ascribed in our view to the fact that the Anglo-Saxon pattern is compatible with the global deregulation tendencies of the institutional area scrutinized here.

7. The Baltic countries (Estonia, Latvia and Lithuania) revealed the greatest relative institutional proximity to the Anglo-Saxon model both at the level of composite coefficients of similarity and six partial variables. This allows a preliminary conclusion that industrial relations and labour markets in these countries tended to converge to the monocentric (in this case – Anglo-Saxon) pattern, to a greater extent than in other CEE11 countries. However, verifying this conclusion would require an in-depth analysis of institutional complementarity in the three Baltic states, which is not feasible to deliver by means of a quantitative research.

8. The foregoing empirical results add to our understanding of the nature and most salient features of the emerging capitalism in CEE countries. In particular, they allow *inter alia* to operationalize the belief shared in state-of-the-art comparative capitalism literature implying institutional heterogeneity or ambiguity inherent in the design and evolution of post-communist capitalism including the area of labour market and industrial relations in CEE11 countries, and to fill these notions with new referents. The empirical findings of this study and the cognitive generalizations outlined above justify in our view the use of the term patchwork capitalism as the most adequate descriptor of the essence and peculiar institutional characteristics of post-communist capitalism that has evolved in CEE11 countries since the outset of systemic transformation. The notion of patchwork capitalism prevalent in the labour markets and industrial relations systems in CEE11 countries can be best comprehended as an institutional matrix incorporating building blocks transplanted from various institutional orders, with special emphasis on the co-existing models

of contemporary Western-type capitalism. Simultaneously, what makes patchwork capitalism even more 'patchy' and incoherent is a significant component of path dependence in each CEE country. Even more important is the fact that such a matrix hosts components and parts (institutions) which are only loosely stitched to each other as there is no canvas or fabric that would provide a common thread or organizing principle uniting the parts into a coherent whole. As a derivative, the institutional arrangements involved are not complementary – they embody divergent inner logic coupled with the co-existence of different coordination mechanism (e.g. market vs. administrative; see Hall and Soskice 2001) which often gives rise to systematic mismatch and negative synergies within the institutional architecture (including its relatively low efficiency and effectiveness).

9. The concept of patchwork capitalism, if applied to labour markets and industrial relations systems in Central and Eastern Europe, can best be understood as a field for a free entry and expansion of various institutional (as well as non-institutional) arrangements, not restrained by a relatively stable institutional matrix (or matrices) that would give identity to the emerging capitalism in the CEE countries. These comprise ruling elites, transnational corporations, national economic and political vested interests, large professional groups, employer organizations and trade unions, political parties and social movements (especially nationalist) as well as informal, differentiated cultural patterns. The resulting patchwork structure, as inferred by many scholars in the field, entails 'hybridization' of capitalism in most CEE countries. By introducing the idea of a 'patchwork' we wish to emphasize the absence of institutional and cultural 'fabric' as well as the lack of coordination, which adds a new perspective in the comparative research on post-communist capitalism.

10. Summing up, it ought to be also stressed that – while interpreting the empirical findings of the present study – an important aspect to be kept in mind is the level(s) of institutional analysis being conducted. For the purpose of our research, we adhered to a two-level institutional perspective. Usually, this entails the structure – agent division, where 'the structure' means 'rules of the game' and 'the agent' encompasses individuals, but also firms, sectors of the economy or regions that 'play the game' (North 1994). In our study of comparative capitalism in the CEE11 countries, we arrived at the conclusion that national institutional frameworks in these countries have fallen apart. As a result, their economic and socio-political institutions may have formally existed, but they have become illusory (Ost 2010). This was conducive to a situation in which the fabric of lower-level organizations and institutions (e.g. sectors of the economy and industrial relations – as in the case of our paper) has

acquired the characteristics of a patchwork including in particular its underlying institutional ambiguity and lack of coordination.

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